



SPECIAL USE PROPERTIES

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Special Use Properties

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Special Use Properties

Definitions:

- Chapter 8 of the 2011 (sic 2012) Guidelines (see http://www.in.gov/dlgf/files/2011_Chapter_8_Final.pdf) provides the following information:

This chapter describes the process used for valuing special use commercial properties. This chapter first presents an overview of the special use commercial properties. The rest of this chapter provides step-by-step instructions for calculating and entering information about special use commercial properties in the “Summary of Improvements” section of the property record card. The necessary cost schedules are provided in Appendix G and depreciation tables in Appendix F.



Special Use Properties

Special use commercial properties include:

- fast food restaurants
- gasoline service stations, with and without service bays
- self-service cashier booths
- public restroom buildings
- detached canopies

Note: For paving, use the “Paving” schedule in Appendix G



Special Use Properties

The pricing schedules for special use commercial properties consist of square foot unit values based on C quality grade construction. Data collection for special use commercial properties consists of identifying the square foot area of the structure, the use, the grade, and the year of construction.

Both the fast food restaurant model and the gasoline service station model have a basic layout or floor plan. The basic layout for a fast food restaurant may include, but is not limited to, the following:



Special Use Properties

- a small office
- two restrooms
- areas for the following:
 - employee dressing
 - storage
 - food preparation
 - serving
 - dining



Special Use Properties

- The basic layout for a gasoline service station may include, but is not limited to, the following:
 - a sales and office area
 - a utility area
 - two restrooms
 - one or more service bays



Special Use Properties

Fast Food Restaurants:

- The term fast food restaurant does not always describe the amount of time a customer waits for food. Fast food restaurants are pre-designed and normally are built with different variations of the same plans, with periodic updates of design to characterize changing patterns within the industry.
- **Example: Solariums are a popular building feature that have been added throughout the past few years. The solarium is included in the square footage calculation of the structure and is not valued as an exterior feature. Fast food restaurant services may vary from counter-style serving to sit-down dining.**



Special Use Properties

The general construction features for all grades of fast food restaurants include the following:

- foundation grade walls on spread footings
- reinforced concrete floor slab
- exterior wall and roof construction as specified
- entrance doors and plate glass sales front
- frame partitions
- interior finish as specified
- utility service
- fluorescent lighting
- heating
- bibs and drains
- plumbing fixtures



Special Use Properties

Gasoline Service Stations:

- Some gasoline service stations have converted the original mechanic service bays into mini-grocery stores. The assessor must determine whether these converted structures more resemble the service station without bay model or the convenience market model.
- The general construction features for all grades of gasoline service stations include the following:
 - foundation grade walls on spread footings
 - reinforced concrete floor slab
 - exterior wall and roof construction as specified



Special Use Properties

- entrance doors and plate glass sales front
- masonry partitions
- interior finish as specified
- utility service
- fluorescent lighting
- heating
- bibs and drains
- plumbing fixtures



Special Use Properties

- Specially designed self-service stations generally feature a cashier's booth and multiple pumps covered with a large canopy. If there is a canopy, select the type of construction and value it on a square footage basis as a separate line entry in the "Summary of Improvements" section. There is a +25% cost adjustment factor if the canopy is round in design.
- If the station has an unfinished basement, refer to the "Add for Unfinished Basements" table in the schedule in Appendix G and value the basement as part of the primary structure.



Special Use Properties

Self-Service Cashier Booths

- A cashier's booth may or may not include restroom facilities. Often, there is a separate structure housing public restroom facilities and a storage area. The replacement cost schedules for a cashier booth include the following:
 - unit heaters
 - reinforced concrete floor slab
 - exterior walls of various materials measuring 7 to 8 feet in height
 - flat, built-up roof
 - finished interior walls and ceiling.
- Cashier booths are divided into three quality ratings, described in Table 8-1.



Special Use Properties

Table 8-1. Cashier Booth Quality Ratings

This rating

- Low cost
- Average

Indicates

Open style with minimum electricity and no plumbing. Steel construction with good electrical service but no plumbing. Adjust the square foot cost by +25% for bullet-proof glass. Also, if the facility has plumbing, add the whole dollar amount identified on the schedule for each plumbing fixture.



Special Use Properties

Table 8-1. Cashier Booth Quality Ratings con't.

This rating

- Good

Indicates

Steel construction with good security (bullet-proof glass), and two plumbing fixtures. Adjust the cost by adding a whole dollar amount for each additional plumbing fixture and deducting if there are fewer than two plumbing fixtures. Also, if the facility has an intercom system, adjust the value using a whole dollar amount.



Special Use Properties

Public Restrooms:

- Public restroom buildings are rated by the area in square feet. The replacement cost schedules for public restroom buildings include the following:
 - four plumbing fixtures
 - electric or unit heaters
 - foundation grade walls on spread footers
 - reinforced concrete floor slab
 - exterior walls of various materials measuring 8 to 9 feet in height
 - flat built-up roof
 - masonry partitions
 - painted interior walls and a painted drywall ceiling



Special Use Properties

Detached Canopies:

- The replacement cost schedules for detached canopies include the following:
 - lighting
 - soffits
 - supports
- Detached canopies are rated on quality and square footage. Table 8-2 lists the quality ratings.



Special Use Properties

Table 8-2. Detached Canopies Quality Ratings Self-Service Stations and Detached Canopies

This rating

- Low Cost Steel

Frame

- Average Steel
Cost

Indicates

Corrugated metal with light metal supports, minimal lighting and soffit.

Composition wood decking on light wood framing supports, minimal lighting and soffit.

Corrugated metal or steel decking with light metal supports, average quality lighting and average finished soffit.



Special Use Properties

Table 8-2. Detached Canopies Quality Ratings Self-Service Stations and Detached Canopies con't.

This rating

- Average Frame

Indicates

Composition wood decking on light wood framing supports, average quality lighting, and average finished soffit.

- Good Steel

Corrugated metal or steel decking steel supports, good quality lighting, and finished soffit.



Special Use Properties

Table 8-2. Detached Canopies Quality Ratings Self-Service Stations and Detached Canopies con't.

This rating

- Good Frame

Indicates

Composition wood decking on wood or steel framing supports, good quality lighting, and finished soffit.

- High Steel

Steel decking or an elaborate metal finish on steel supports, high quality lighting, finished soffit, and elaborate installation.



Special Use Properties

Table 8-2. Detached Canopies Quality Ratings Self-Service Stations and Detached Canopies con't.

This rating

- High Frame

Indicates

Composition wood decking on wood or steel framing supports, high quality lighting and finished soffit, elaborate finish and décor.

- **Note: If the canopy is round, add 25% to the base rate.**



Special Use Properties

Fast Food Detached Canopies

- Low cost
Corrugated metal or composition wood decking with supports, minimal lighting, and no soffit.
- Average cost
Corrugated metal or steel decking with supports, average quality lighting, and unfinished soffit.
- Good
Corrugated metal or steel decking with supports, good quality lighting, and finished soffit.
- High
Corrugated metal or steel decking with supports, high quality lighting, and finished soffit, as well as elaborate finish and décor.



Special Use Properties

- NOTE: Quality grade factors are not applied to the canopies listed above due to the fact that they are priced according to quality from the pricing schedules.
- **Pricing Special Use Properties:**
- The special use commercial property cost schedules are based on a square foot unit value applicable to certain types of designed structures. Each schedule represents the typical size variations of the structure and the appropriate base price.



Special Use Properties

Utilities and Railroads:

- Because public utilities and railroads often cross township and county lines, the Department is charged with assessing the value of public utilities and railroads in Indiana.
- The Department values a company's entire enterprise statewide and then distributes the assessed value to each county in which the company operates. The distribution is allocated based on a percentage of the company's total operation in the county by township/taxing district.



Special Use Properties

- The Department assesses only the property that is directly used to deliver the service (state distributable).
- Local assessing officials were previously responsible for assessing all personal property not directly used to provide the utility service, as well as all land, buildings, and building improvements associated with the public utility, with the exception of railroad operating improvements.
- All companies engaged in public utility business in Indiana were required to file Form 1 (Tax Return-Fixed Personal Property of Public Utilities) with the local assessing official for each taxing unit where fixed personal property is located.



Special Use Properties

- If the public utility company owned, held, possessed, or controlled any leased or other not-owned locally assessed personal property, a Form 1-N was to be filed with the local assessing official of each taxing unit where the leased personal property is located.
- Effective with the March 1, 2010 assessment date, all companies engaged in public utility business in Indiana no longer filed the Form 1 with the local assessing official. The property previously reported on the Form 1 is now being reported with the company's filing with the Department on its Utility Ad Valorem Tax Return (Annual Report – Form UD-45).
- See [http://www.in.gov/dlgf/files/090805 - Wood Memo - Form 1 Elimination.pdf](http://www.in.gov/dlgf/files/090805_Wood_Memo_Form_1_Elimination.pdf) for further information.



Special Use Properties

- The Department reviews and audits the company's filing, and the assessed value previously reported on Form 1 is included in the distribution by township/taxing district.
- In essence, the reporting requirements allow a public utility to file one return instead of possibly multiple returns with local assessing officials throughout the state. In turn, the local assessing official's duties related to the Form 1 are handled by the Department. There is no change in assessed value reported to the taxing district, except for those changes that would occur with the annual filing of the Form 1.
- Finally, the six (6) month deadline for appeal of personal property assessments has been eliminated for public utilities.



Special Use Properties

- If the item is land, a building, or a building improvement, it is locally assessed real property.
- The remaining property is considered to be distributable property.
- Some items or units of property may have dual uses. A portion may be used to produce or provide utility service, while the remainder is specifically attributable to a building or structure.



Special Use Properties

- To determine whether a central system is locally assessed real property or distributable property, the following standards apply:
 - The portion of the central system that is specifically attributable to the building or structure is locally assessed real property.
 - The portion of the central system that was installed to specifically accommodate the utility process or activity conducted in the facility is distributable property. What used to be locally assessed personal property (if any) now has become a part of the distributable property.



Special Use Properties

- If the central system has a dual purpose, an allocation is made based on the specific facts and circumstances surrounding the use of the system.
 - For example, the allocation of a central system would be a plumbing system that was installed both to serve the occupants of a building and also to supply water to cool an item of distributable property. In this case, an allocation is made to account for the portion of the central system that is locally assessed real property, and the portion of the central system that is attributable to the distributable property.



Special Use Properties

- Assessment information on cell towers can be found on page 7 of Chapter 9 of the 2011 (sic 2012) Real Property Assessment Guidelines. Towers were assessed as locally assessed personal property, reported by the utility in the taxing unit where located. The value used to report it is the Federal Tax Cost.
- Although identified as locally assessed personal property, these towers are now reported with their distributable property report to the Department.



Special Use Properties

- The county assessor assesses the following property of a telephone, telegraph, or cable company as local real property:
 - Buildings and structures, including that portion of the heating and lighting systems that provide for the comfort of the employees rather than for use with locally assessed personal property or distributable property.
 - Miscellaneous yard improvements, such as fencing, parking lots, and driveways.
 - Land on which the building and structures are situated and any land not constituting a part of any right-of-way of the distribution system of the telephone, telegraph, or cable company.



Special Use Properties

- The Department assesses the distributable property of the telephone, telegraph, or cable company. The distributable property of a telephone, telegraph, or cable company includes the following:
 - pole racks
 - outdoor yard lighting systems
 - microwave and radio antennas (microwave and radio towers that belong to the utility are reported to the Department)
 - electronic and electrical communicating equipment
 - telephone poles
 - lines and cables
 - telephone booths
 - portable buildings



Special Use Properties

- Companies report historical or original cost of their property including intangibles.
 - The intangibles and any locally assessed property are removed from the assessment.
 - The property is then subject to federal tax depreciation.
- Gross additions deduction
 - 60 percent of the taxable value of the property
 - The first year distributable equipment is placed in service
- Construction work in process is added to the assessment at 10 percent of the depreciated value.



Special Use Properties

- Per IC 6-1.1-8-15, the Department assesses:
 - Telephone
 - Telegraph
 - Cable companies (Note: cable television companies were excluded under IC 6-1.1-8-3(c))
- This includes:
 - land based phone companies
 - cellular companies
 - cable telephone companies
 - at least one pager company
 - at least one satellite telecom



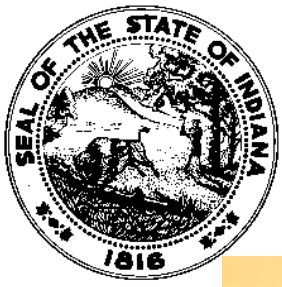
Special Use Properties

- Property distributed over their network either by miles of line or wire, or by percentage of equipment at certain locations.
- Local Assessment = Towers on which the telephone company antennas are situated, if owned by a non-utility company (e.g. Crown Castle).
- State Assessment = anything that has to do with the running of the telecom network, the tower, if owned by the telecom; as of 2010, office furniture, etc. is also part of the state assessment.



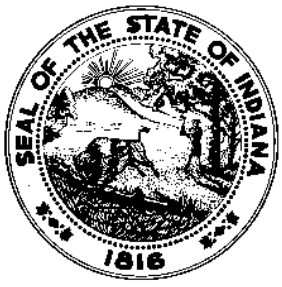
Special Use Properties

- If a company does not file, and information has not been received that they have been sold or are out of business, a letter is sent to the company requesting information.
- No response = Department makes filing for them.
- This is applicable to all utilities, including railcar companies. (IC 6-1.1-8-22)



Special Use Properties





Special Use Properties

Wind Towers:

- IC 6-1.1-8-9 – Light, heat, or power companies
- The fixed property of a light, heat, or power company consists of:
 1. automotive and other mobile equipment;
 2. office furniture and fixtures;
 3. other tangible personal property which is not used as part of the company's production plant, transmission system, or distribution system; and
 4. real property which is not part of the company's right-of-ways, transmission system, or distribution system.



Special Use Properties

- A light, heat, or power company's property which is not described as fixed property (see above) is definite-situs distributable property. This property includes, but is not limited to, turbo-generators, boilers, transformers, transmission lines, distribution lines, and pipe lines.



Special Use Properties

- **IC 6-1.1-12-29 – Wind power device**
- **Definition:** a device, such as a windmill or a wind turbine, that is designed to utilize the kinetic energy of moving air to provide mechanical energy or to produce electricity.
- **IC 6-1.1-12-30 – Wind power device deduction**
- **Filing of claim for deduction**
 - With respect to real property, the application must be completed and dated by December 31 of the year for which the person desires to obtain the deduction and filed on or before January 5 of the following calendar year.



Special Use Properties

- A mobile/manufactured home assessed under IC 6-1.1-7 must be completed, dated, and filed during the 12 months before March 31 of the year the deduction is to be effective.
- On verification of the statement by the assessor of the township or county in which the real property or mobile home is subject to assessment, the county auditor shall allow the deduction.



Special Use Properties

- Senate Enrolled Act (SEA) 481-2011 amends IC 6-1.1-12-29, which defines the term “wind power device” for purposes of the wind power device deduction under IC 6-1.1-12-29 and 30. This amendment was effective retroactive to January 1, 2010.
- The purpose of this amendment was to make clear that public utilities or other entities whose business is to generate electricity through wind power **cannot** claim the wind power device deduction.



Special Use Properties

- A wind power device is defined as a device, such as a windmill or a wind turbine, that is designed to utilize the kinetic energy of moving air to provide mechanical energy or to produce electricity. However, the General Assembly has now specifically excluded from that definition a device that is **owned or operated by a public utility (as defined by IC 8-1-2-1(a)) or another entity that provides electricity at wholesale or retail for consideration**, other than a person who participates in a net metering program offered by an electric utility.



Special Use Properties

- This amendment is intended only to clarify the meaning of “wind power device” and not to change the General Assembly’s intent regarding eligibility for the wind power device deduction. In other words, the General Assembly is saying that it has always considered public utilities and commercial wind power ventures ineligible to receive this deduction.
- To apply for the deduction, taxpayers should file the Statement for Deduction of Assessed Valuation (Form SES/WPD – see <https://forms.in.gov/Download.aspx?id=4797>).



Special Use Properties

- The Wind Tower, but not the land upon which it rests, is to be assessed as state distributable property.
- The company is required to file an Annual Report (UD-45) with the Department on March 1 (IC 6-1.1-8-19).
- The Department will review the assessment and allocate the value to the appropriate taxing district(s) as reported on the UD-45 by the taxpayer.



Special Use Properties

- The assessment will be based on federal cost less federal depreciation, at tax basis per 50 IAC 5.1-6-3.
- Specific information can be found at <http://www.in.gov/dlgf/2486.htm>
- The Department disseminated a memo on the assessment of Wind Towers and Land on December 4, 2008. (see <http://www.in.gov/dlgf/files/Memo-Assessment-of-WindTowers-and-Land.pdf>)



Special Use Properties

- Land Assessments
 - The portion of the land used for the Wind Tower is classified as Industrial land.
 - The Industrial land rate is county specific. It would be assessed comparable to a cell phone tower.
 - Typically, the land area that is utilized for the individual Wind Tower ranges from 0.25 acres to 0.50 acres. This would NOT include any roads used to construct and service the tower.



Special Use Properties

- Land Assessments
 - Depending on the parcel and its use, it could be assessed as “Secondary Industrial” land.
 - Defined as land used for purposes that are secondary to the primary use of the land.
 - See <http://www.in.gov/dlgf/files/bk1ch2.pdf> for guidelines for valuing Commercial and Industrial Acreage.



Special Use Properties

- The deduction for a wind power device (per IC 6-1.1-12-29 and IC 6-1.1-12-30) is applicable to Wind Towers.
- The taxpayer must own the property (land & tower) in the year in which the deduction is sought, and timely apply on Form SES/WPD (Statement for Deduction of Assessed Valuation Attributed to Solar Energy System/Wind, Geothermal or Hydroelectric Power Device – see <http://www.in.gov/icpr/webfile/formsdiv/18865.pdf>.)



Special Use Properties

Campgrounds:

- In some campgrounds, the lots are individually owned, thus each lot owner is assessed for the patio, deck, utility shed, etc.
- For the lots that are owned by an association, the lot improvements are assessed to the park.
- It can be difficult to trend a campground/park because many of the sales disclosures fail to disclose the personal property included in sale. However, when the buyer/seller are contacted, it is usually indicated that the sale price did include personal property.



Special Use Properties

- The biggest concern most counties have with these large campgrounds is the lost tax revenue from the RV's that are permanently located at the park but owned by an out of state resident.
- For the parks in which most of the lots are being leased, the biggest issue relates to who is being assessed for the patios, decks, sheds, etc. However, IC 6-1.1-2-4 is clear as to who should be assessed.



Special Use Properties

- RV & Truck Camper Excise Tax:
 - Excise tax only will be collected when a resident of the State of Indiana purchases his license plate.
 - Non-residents with year-round campers in an Indiana campground will not be subject to this excise tax.



Special Use Properties

Quarries:

- Primary = Land where the buildings and roads associated with the operation(s) are located, primary storage areas, and 1 acre where the quarry operation is on going.
- Secondary = rest of the area that is being quarried.
- Land that had already been quarried = undeveloped unusable
- Land that is waiting to be quarried = undeveloped usable
- Base rates = Industrial rates for that area



Special Use Properties

- **Question:** Quarry land. How should it be assessed?
There have been several explanations in the past.
- **Answer:** The quarry has a pit area. It is a working pit typically called a floating acre. The pit is classified as primary land, consistent with the roadways, and land under the buildings. Land used for equipment storage is primary land. The balance of the pit should be considered undeveloped unusable ground. Then anything left in the tract may be possibly farmed. If a portion of the land is being farmed, then assess it as agriculture land.



Special Use Properties

Wineries:

- Unlike other states, there is no special agricultural designation for wineries since Indiana is a market value-in-use state, (except for the circuit breaker for agricultural land). Hence, depending on the winery, certain aspects could be priced as commercial/industrial, and some could be priced as agricultural.
- For example, at Oliver Winery in Bloomington, the main building (tasting room/reception/seating area) is assessed as a commercial structure (retail pricing), and the processing building is assessed also as a commercial structure (manufacturing pricing) – with the land assessed at their primary commercial rate.



Special Use Properties

- They have a large picnic area/lake – that is assessed as secondary land or useable/undeveloped. The land with the vineyards are assessed as agricultural land (growing crops).
- There are no specific laws or rules providing that buildings associated with wineries would get an agricultural designation. Hence, it is possible that a winery building could be classified as an agricultural building.
- Great deference is given to local control, meaning that although we provide the guidelines and oversight for assessment practices on a statewide level, the assessing officials are responsible for administering the process in their jurisdiction.



Special Use Properties

- In the guidelines, other food-related structures, such as bakeries are priced as GCM Retail; for bottling plants – the administrative office is GCI Office, and the processing facility is GCI Manufacturing; dairies are assessed with the administrative office as GCI Office, the plant as GCI Manufacturing, and small retail is GCM Retail and Utility Storage. For food and beverage processing facilities, see http://www.in.gov/dlgf/files/2011_Appendix_G_v1_8_Final.pdf.



Special Use Properties





Special Use Properties





Special Use Properties

Questions ?????



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